



October 2, 2021

Dear Fellow Marylanders:

When the United States of America was established, our new nation emerged from the Revolutionary War with about \$80 million of debt. [Alexander Hamilton](#), our first Secretary of the Treasury, was tasked with developing a plan to deal with that debt. Walking away from debts already incurred was not an option.

Today, our federal debt stands slightly above \$28 trillion, with much of that coming from tax cuts to big corporations and the super-rich, as well as interest payments on our debt, emergency spending after natural disasters like hurricanes and floods, and even past military action. About [\\$7.8 trillion](#) of that debt was added during the four years of the last administration alone.

Despite the enormity of it, walking away from our debts still is not an option for the country. The repercussions of one of the world's largest economies defaulting on financial obligations would wreak havoc on our economy. The [global economy](#) would follow us into that fiscal crater.

The Constitution (Article 1, Section 8) gives Congress the power to "pay the debts" of the United States, as well as, "To borrow money on the credit of the United States." If, for the first time in our nation's history, the United States does not pay its debts, the credit of our great nation will be greatly diminished.

Defaulting on our debts would put us in a high-risk category, meaning the cost of borrowing money would go up for the government and everyone else. Student loan rates would go up. Credit card rates would balloon, too. And the recent [historically low](#) rates for mortgages could be a thing of the past.

Skyrocketing interest rates would also be a serious blow for the countless small businesses that are still struggling under the weight of the pandemic. Small businesses have dealt with constant uncertainty over the past 18 months, and many of them are finally beginning to see the light at the end of the tunnel. Failure to

maintain the full faith and credit of the U.S. government would make capital more expensive for small businesses and more difficult to access. Every small business would suffer, and many of the smallest and most vulnerable may not survive.

Why is this important now? Congress is once again in the middle of a debate about whether or not to raise the [debt ceiling](#) or how much money the federal government can borrow to keep cash flowing where it needs to be. Anyone who has tried to make their family budget work around rising gas prices, mortgage or rent payments, groceries and day-to-day expenses and that unexpected car repair knows that budgets and cash flow do not always align the way you would like.

Treasury Secretary Janet Yellen has indicated that she runs out of “extraordinary measures” currently being used to pay our bills on or about [October 18](#). If Congress does not give her the authority to borrow more funds, default will occur.

Let’s be clear, at the federal level, **raising the debt limit does not authorize new spending. This is about paying the tab for past decisions.**

We can debate whether to spend taxpayer dollars on specific programs – and we do, often – but once laws are passed and funds are invested, we need to pay up according to the law. It’s why raising the debt ceiling has historically been done on a bipartisan basis. The United States of America must pay its bills.

In the last week, Senate Republicans have blocked opportunities to raise the debt ceiling. As intense as the partisanship has become in Washington and across the country, I truly am astounded they would play political games with the lives of so many Americans, as well as the full faith and credit of the United States of America. Two years ago, the Republican leader, Mitch McConnell said that, “America can’t default. That would be a disaster.” He was right then and wrong today.

America cannot risk default and a downgrade of our national credit rating. Default [will hurt families and small businesses](#), and it will cost jobs.

We have been at this cliff’s edge before. We have not always emerged [unscathed](#). At this writing, I cannot tell you how this chapter will conclude. Being an optimist, I am hopeful that enough of my Republican colleagues will do the right thing for our nation and allow Congress to increase the debt ceiling – or eliminate it. As a realist, I know that such nonpartisan thinking has been rare of late, which is a shame.

I promise to keep you informed as this debate continues.

Thank you. Stay safe. Get vaccinated for both COVID-19 and the flu.

*Ben*  
Ben Cardin